



DRA

Division of Ratepayer Advocates
California Public Utilities Commission

505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-2544
Fax: (415) 703-2057

<http://dra.ca.gov>

Dana S. Appling, Director

March 25, 2010

The Honorable Chuck Della Sala
Mayor of Monterey
City Hall,
Monterey, CA 93940

Dear Mayor Della Sala:

It is our understanding that you have been invited to a Friday morning breakfast where project proponents will present a proposed Monterey Regional Desalination Agreement (Agreement) between California American Water Company, Marina Coast Water District, and Monterey County Water Resources Agency. Because we were not invited to this meeting, *I am writing to inform you that the Division of Ratepayer Advocates (DRA) is opposed to this Agreement because, if implemented, it will result in unacceptably high costs, unfair risks, and a lack of accountability to Monterey Peninsula ratepayers.* The Regional Desalination Agreement is not yet a public document, so I cannot provide additional detail at this time. I want to ensure, however, that you are aware of the burden this Agreement would place upon the residents of your City and that DRA intends to fight for a desalination project that is affordable, equitable, and fair.

DRA is an independent consumer advocacy division within the California Public Utilities Commission. DRA represents all of California American Water's customers on the Monterey Peninsula, including the cities of Monterey, Seaside, Del Rey Oaks, Sand City, Carmel, and Pacific Grove, as well as the Carmel Valley and the Ryan Ranch, Bishop, and Hidden Hills communities on Highway 68. DRA's mission is to obtain the lowest possible rates, consistent with safe service levels.

In January 2007, DRA began the regional dialogues (known as REPOG) that led to the development of a regional desalination facility proposal as the preferred alternative under CEQA. For the past several months DRA has been vigorously engaged in negotiations to develop terms and conditions for an agreement that is fair to Monterey Peninsula ratepayers. Regrettably, DRA cannot support the Agreement that will be presented to you Friday morning because it does not uphold the goals of equity, cost containment, and affordability that were set forth at the beginning of the REPOG dialogues.

DRA would welcome questions from you and your staff about the Agreement once it becomes public. DRA looks forward to discussing a regional water solution with you and to engaging with the entire Peninsula community to fashion a fair and equitable project.

Sincerely,

Dana S. Appling, Director
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